

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 757 – HB 1011

March 30, 2011

SUMMARY OF BILL: Requires county clerks to inquire to county law enforcement officials, and to the appropriate officials in any city within such county, as to whether an applicant for motor vehicle registration or renewal has outstanding parking tickets that are more than 60 days past due. Prohibits the county clerk from issuing a certificate of registration, registration plate, or sticker until such owner provides proof that the parking tickets have been paid. Requires the office of county clerk to send written notice to the owner that the parking tickets are required to be paid prior to registration or renewal.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact - \$10,900

Increase State Expenditures – Not Significant

Decrease Local Revenue – Net Impact - \$27,900

Increase Local Expenditures – Exceeds \$100,000*

Assumptions:

- Given that county clerks will be required to make determinations as to whether motor vehicle owners have unpaid parking tickets prior to the issuance of all motor vehicle registrations, and given that county clerks will be required to send written notices to motor vehicle owners having unpaid parking tickets, there will be an increase in local government expenditures. Determining a precise amount of statewide expenditures for local governments is difficult due to several unknown factors such as the number of determinations that will be made, the extent of additional resources county clerk offices will require to perform the determinations and to process written notices, and the number of written notices that will be sent to motor vehicle owners. However, the recurring increase in local government expenditures is reasonably estimated to exceed \$100,000.
- Based on information provided by the Department of Revenue (DOR), county clerk offices will turn away 2,000 motor vehicle owners statewide each year due to unpaid parking tickets which are delinquent for more than 60 days.
- Fifty percent, or 1,000, will pay their delinquent parking tickets and subsequently register their vehicles. These individuals are assumed to have one unpaid parking that is

delinquent for more than 60 days. The average fine is estimated to be \$15. Therefore, a recurring increase in fine revenue of \$15,000 (1,000 x \$15). Local governments will retain five percent of the fine revenue (or \$750) as commission; the remainder (or \$14,250) will be apportioned to the state.

- The remaining 1,000 will not pay their delinquent parking tickets; thus being prohibited from registering their motor vehicle. As a result, there will be a decrease in motor vehicle registration fee revenue. The state portion of the motor vehicle registration fee is \$28.00; the average county wheel tax is estimated to be \$28.75. Therefore, a recurring decrease in state revenue of \$28,000 (1,000 x \$28.00); a recurring decrease in local government revenue of \$28,750 (1,000 x \$28.75).
- Ten percent of these individuals (or 100) will be cited for driving without proper motor vehicle registration. The average fine is estimated to be \$30. Therefore, a recurring increase in fine revenue of \$3,000. Local governments will retain five percent of the fine revenue (or \$150) as commission; the remainder (or \$2,850) will be apportioned to the state.
- DOR indicates that any increase in state expenditures will be insignificant.
- The net decrease in state revenue will be \$10,900 (\$28,000 - \$14,250 - \$2,850).
- The net decrease in local government revenue will be \$27,850 (\$28,750 - \$750 - \$150).

**Article II, Section 24 of the Tennessee Constitution provides that: No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc